

Incoming
S/027/0014

Peter Brinton <peterbrinton@utah.gov>

Mineral Fossil Lease 42750 (S/027/0014) - existing bond adequacy

Jerry Mansfield <jmansfield@utah.gov>
To: Peter Brinton <peterbrinton@utah.gov>

Mon, Jun 22, 2015 at 8:35 AM

Peter,

SITLA concurs with the amount of the financial guarantee.

On Mon, Jun 22, 2015 at 8:22 AM, Peter Brinton <peterbrinton@utah.gov> wrote:
Hi Jerry,

This probably wasn't obvious because of the long email, but at the end of it, I asked if you could concur with the existing bond amount. I would like to make sure that you concur with it, given the site-specific nature. Frankly, based on my conversations with Robert, it is unlikely that we'll get additional bond from him anyway, given his current situation, which is one reason why I wanted to make sure the existing bond was adequate, and I am confident that it is.

Can you concur with the existing amount of \$5,000? If so, an email response would be great. Thanks.

Peter

On Wed, Jun 17, 2015 at 8:39 AM, Peter Brinton <peterbrinton@utah.gov> wrote:
Hi Jerry,

Robert Drachuk has a complete permit amendment for his trilobite mine, which has been reduced in size, and we are re-evaluating the bond amount. Christopher Rose, the adjacent, new permittee, has incorporated most of the disturbance associated with Robert's permit and lease into his own permit (S/027/0122).

I consider Robert Drachuk's existing bond (\$5,000) to be more than adequate for his reduced and permitted disturbance area of less than 1/2 acre. The maximum pit/cut height is approximately 10-15 ft on the uphill side, and I'm confident that a decent sized trackhoe (e.g. CAT 320) could easily backfill the cut in less than 6 hours. I estimate that less than 700 cu. yds. are in the dump that would be needed for backfilling the cut. Here's a photo of the pit and dumps.



The operator understands that he can't expand his acreage significantly without bonding and updating his Notice (attached).

The following bond cost calculation assumes that Rasmussen Excavation's current state cooperative contract prices (see attached contract MA279). In 2011, Rasmussen Excavation regraded the New 6 mine near Eskdale, Utah, which is approximately the same travel distance and time from Salina, Utah, where Rasmussen is based.

Here's a site-specific reclamation cost calculation for Robert Drachuk's trilobit site:

Equipment Mob/Demob:	\$2,000	Conservative estimate (New 6 mob/demob cost in 2011 was \$1,129 at a time of significantly higher diesel prices than 2015)
Earthwork:	\$750	CAT 320 trackhoe: 6 hrs @ \$125/hr (conservative - assumes some rehandle, but disturbance allows for mostly one movement)
Revegetation, etc:	\$1,000	Division's assumed average cost per acre (also conservative); also covers inflation
Total:	\$3,750	

In reality, we would probably get quotes from the adjacent permittee operators, and have one of them reclaim the site, if needed, which would likely cost much less than this calculated amount. Natural outcrops in the area could be used to justify a small exposure of bedrock (ie. incomplete backfill), but that is also not assumed in this calculation.

Can you concur with this new bond amount?

Peter

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